

D.C. Office of Risk Management

www.dc.gov

Description	FY 2003 Actual	FY 2004 Approved	FY 2005 Proposed	% Change from FY 2004
Operating Budget	\$0	\$1,565,038	\$2,031,532	29.8
FTEs	0.0	23.0	23.0	0.0

The mission of the D.C. Office of Risk Management (DCORM) is to provide risk identification, analyses, control and financing direction, guidance, and support to District agencies so they can minimize the total cost of risk.

This includes the cost of retained losses, risk control costs, net transferred risks, and administrative costs. This is accomplished by systematically identifying and analyzing exposures to risk, selecting and implementing appropriated risk control strategies and prudently financing anticipated and incurred losses into a District-wide risk management program. DCORM is created within the executive branch of the government of the District of Columbia with direct oversight by the City Administrator. The office is responsible for clarifying understanding of the exposures to risk that represent the possibility of unanticipated loss of resources, faced by the District government, and minimizing the probability, occurrence, and impact of those unanticipated losses. This preservation of physical, human, and financial resources is accomplished through an integrated matrix of agency-specific and crosscutting strategies to manage risk.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Systematization of the identification and analysis of District-wide and agency-specific exposures to risk.
- Minimization of the likelihood and severity of losses through effective safety and security risk control strategies.
- Formalization of the philosophy, policies, and procedures for financing identified risks and incurred losses.
- Institutionalization of risk management as a regular District-wide and agency-specific function.

Funding by Source

Tables RK0-1 and 2 show the sources of funding and FTEs by fund type for the D.C. Office of Risk Management.

Table RK0-1

FY 2005 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
Local Fund	0	0	1,565	1,332	-234	-14.9
Total for General Fund	0	0	1,565	1,332	-234	-14.9
Inta-District Fund	0	0	0	700	700	100
Total for Inta-District Funds	0	0	0	700	700	100
Gross Funds	0	0	1,565	2,032	466	29.8

Table RK0-2

FY 2005 Full-Time Equivalent Employment Levels

Appropriated Fund	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
General Fund						
Local Fund	0	0	23	23	0	0.0
Total for General Fund	0	0	23	23	0	0.0
Total Proposed FTEs	0	0	23	23	0	0.0

Expenditure by Comptroller Source Group

Table RK0-3 shows the FY 2005 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table RK0-3

FY 2005 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
11 Regular Pay - Cont Full Time	0	0	1,199	1,016	-183	-15.3
14 Fringe Benefits - Curr Personnel	0	0	180	146	-34	-19.0
Subtotal Personal Services (PS)	0	0	1,379	1,161	-217	-15.8
20 Supplies And Materials	0	0	30	10	-20	-66.7
30 Energy, Comm. And Bldg Rentals	0	0	79	24	-55	-69.1
31 Telephone, Telegraph, Telegram, Etc	0	0	10	29	19	189.1
32 Rentals - Land And Structures	0	0	0	0	0	0.0
33 Janitorial Services	0	0	0	15	15	100.0
34 Security Services	0	0	13	21	8	58.9
35 Occupancy Fixed Costs	0	0	0	32	32	100.0
40 Other Services And Charges	0	0	35	29	-5	-15.5
70 Equipment & Equipment Rental	0	0	20	10	-10	-50.0
Subtotal Nonpersonal Services (NPS)	0	0	187	170	-16	-8.6
Total Proposed Operating Budget	0	0	1,565	2,032	466	29.8

Figure RK0-1

D.C. Office of Risk Management



Gross Funds

The proposed budget is \$2,031,532, an increase of \$466,794 or 29.8 percent over the FY 2004 approved budget of \$1,565,038. There are 23 total FTEs for the agency, no change from FY 2004.

General Fund

Local Funds. The proposed budget is \$1,331,532, a decrease of \$233,506 or 14.9 percent from the FY 2004 approved budget of \$1,565,038. There are 23 total FTEs for the agency, no change from FY 2004.

Changes from the FY 2004 approved budget are:

- A net decrease of \$4,049 in nonpersonal services that includes an increase of \$85,904 in occupancy costs, security services, janitorial services, and telecommunication expenses and a decrease of \$89,953 in equipment, other services and charges, energy, and supplies and materials.
- A reduction of \$12,032 based on revised occupancy fixed costs.
- A reduction of \$217,425 in personal services.

Intra-District Funds

The proposed budget is \$700,000, an increase over the FY 2004 approved budget of \$0. There are no FTEs supported by this fund. The sole change is an increase of \$700,000 in personal services.

Programs

The following duties and functions transferred to DCORM in FY 2004: the administration of the Settlements and Judgments Fund from the Office of Corporation Counsel, and the District of Columbia Government Employees Disability Compensation program from the Office of the City Administrator. The D.C. Office of Risk Management operates the following programs:

Office of the Director

The Chief Risk Officer heads the Office of the Director. The purpose of the office is to provide risk management direction, guidance and support to District government agencies so that the

agencies can minimize the total cost of risk, resulting in improved government operations and enhanced service delivery. This accomplished by integrating agency programs of systematic risk identification and analysis, selecting and implementing appropriate risk control strategies, and prudently anticipated and incurred losses, into a District government integrated risk management program.

Risk Identification and Analysis Division

The primary goal of the Risk Identification and Analysis division is to integrate the work of agency risk management representatives who systematically identify, measure, analyze and document the Government of the District of Columbia's exposure to risk, thereby creating a dynamic D.C. risk map that supports definition of efficient and effective risk management strategy. Some key division functions are:

- Coordinate and integrate work of Agency Risk Management Representatives including systematic identification, measurement, analysis and documentation of agency/District exposures to risk.
- Create and maintain dynamic District government prioritization risk map based on frequency and severity projections of anticipated losses.
- Coordinate D.C. Risk Management Council agenda and follow-up, including agency director's accountability for performance contract risk management requirements.
- Review and guide agency Risk Assessment and Control Committee activities relative to risk management plans.
- Provide technical risk management expertise in the implementation of risk management plans, especially to agencies with collateral duty risk management representatives.

Risk Control Division

The primary goal of the Risk Control division is to effectively minimize the probability, frequency, and severity of accidental losses on a pre-loss and post-loss basis through a compliance-monitoring program for safety, security and contingency planning for emergencies by all D.C. agencies.

Some key division functions are:

- Consultative program for safety, security and contingency planning for emergencies.
- Monitor compliance with risk control deficiency remediation recommendations.
- Detailed loss analysis and related benchmarking and risk control strategy research.
- Agency-specific risk control consultation relative to remediation and mitigation strategies.
- Regular risk control on-site assessments relative to safety, physical security and operational exposures.

Risk Financing Division

The primary goals of the Risk Financing division is to professionally anticipate and plan for funding loss payments and manage the adjudication of claims and recoveries. Some key division functions are:

- Oversee Claims Bureau management and processes for adjudicating property, liability and disability compensation claims against the District government.
- Review claim summaries and management reports identifying trends and issues for follow up.
- Cultivate a cooperative relationship with agencies and Office of Corporation Counsel (OCC) relative to claim management and cost-of-risk allocation factors.
- Develop and implement appropriate risk financing alternative for identified exposures.
- Provide risk management review of contracts, agreements, and leases in order to identify risk management implications.

Risk Administrative Services Division

The primary goal of the Risk Administrative Services division is to enhance service delivery of DCORM through financial, data, technology and office management support services. Some key division functions are:

- Manage Risk Management Information System (RMIS) and related systems, especially Administrative Services Modernization Program - (ASMP) systems interface.

- Maintains Office of Risk Management (ORM) website.
- Executes cost-of-risk allocation system to agencies.
- Maintains Risk Management Resource Library.
- Coordinates Risk Management Training Institute functions.
- Provides financial and administrative support to ORM including finance, budget, human resource and procurement functions.

Agency Goals and Performance Measures

Goal 1: Support District agencies so they can minimize the total cost of risk.

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): James Jacobs, Director

Supervisor(s): James Jacobs, Director

Measure 1.1: Percent of industry "cost of risk" benchmarks (including those from Risk and Insurance Management Society (RIMS) and Public Risk Management Association (PRIMA) benchmark surveys) met by ORM and District

	Fiscal Year				
	2002	2003	2004	2005	2006
Target	N/A	-	110	105	100
Actual	N/A	N/A	-	-	-

Note: ORM set a baseline for this measure during FY 2003.

Measure 1.2: Percent reduction in total cost of risk (as measured by net insurance premiums, retained losses, risk control expenses and administrative costs)

	Fiscal Year				
	2002	2003	2004	2005	2006
Target	N/A	-	110	105	100
Actual	N/A	N/A	-	-	-

Note: ORM will set a baseline for this measure during FY 2004.

